



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 20, 2008
Administrative Order NSL-5852

EOG Resources, Inc.
C/o Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: Ms. Munds-Dry

EOG's NSL Application: Ulysess 21 State Well No. 1

1980' FNL, 2200' FWL, Unit F
Section 21 T10S, R36E, NMPM, Lea County, New Mexico
80 Acre, S/2 NW/4 of Section 21 South Crossroads-Devonian Pool (13560)

Reference is made to the following:

- (a) your application (*administrative application reference No. pKVR0813653735*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 15, 2008, and
- (b) the Division's records pertinent to EOG's request.

EOG (OGRID 7377) requests authority to drill this unorthodox Devonian formation well at a non-standard location. This well is to be dedicated to the S/2 NW/4 of Section 21 and will be the first producer in this spacing unit. The South Crossroads-Devonian Pool is governed by the Special Pool Rules which provide for wells to be located within 150 feet of the center of the quarter-quarter section. The proposed location is 220 feet from the center of Unit F.

Your application stated that the unorthodox well location is needed for geologic reasons. A standard location would test the Devonian formation at the optimum structural position. A standard location carries more risk because a well at that location would penetrate the Devonian lower on the structure and be closer to the fault. The proposed location will penetrate the Devonian formation at the optimal structural location, in order to recover more gas and prevent waste.



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The 80-acre spacing unit comprised of the S/2 NW/4, Unit F of section 21 will be dedicated to the Ulysess 21 State Well No. 1.

EOG stated in its application that the location encroaches on the spacing unit to the east which it operates and all underlying mineral interests are common in both spacing units. Therefore there are no affected parties as defined by Division rules and no notice is required.

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox gas well location in the South Crossroads-Devonian Gas Pool is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico Oil Conservation Division - Hobbs